

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Heavy data flow over the weekend came out mostly on the softer side. Though 2Q US GDP showed a pick-up** from 1Q as a result of quicker gains in consumption and investment, the reading was a tad softer than expected and most importantly, **this positive print was overshadowed by downward revisions to 1Q GDP (from 1.4% to 1.2%) and the whole series of readings in 2014-2016 GDP.** The softer growth backdrop raised concerns over likelihood of the Fed in further policy tightening in the near term.
- **Eurozone data was clearly mixed too**, with slightly better economic confidence offset by softer business climate indicator and worsened consumer confidence. **Unemployment rate in Singapore stagnated** but remained relatively high, while both **New Zealand and Vietnam released reports that showed signs of softer economic activity going forward.** Australia's producer prices picked up for the third consecutive quarter, indicating better demand and contrasted to earlier moderation in CPI.
- **USD fell against 9 G10s** while the Dollar Index tumbled at the start of US session to close 0.64% lower at 93.25 on dampened market expectations of a near-term rate hike amid downward revisions to 2016 US GDP. **USD remains bullish in our view** as we anticipate extended rebound from recent losses, with bullish potential from US data. Bearish outlook still prevails but we reckon that losses, if any, will become more moderate gradually. Thinning downside momentum hints at a turnaround for the Dollar Index going forward, with scope to test 94.26.
- **MYR eased 0.11% to 4.2813 against USD** and was mixed against the G10s as bids softened ahead of the week's close as well as ahead of US data. **Expect a bullish MYR on the back of a softer USD** but gains are likely capped by prevailing risk-off sentiment in the markets. USDMYR resisted a close above 4.2814, which will likely put it on the defensive time being. The pair is inclined to losses while below 4.2814.
- **SGD rose 0.19% to 1.3568 against USD** but fell against 9 G10s, weighed down by softer risk appetite as the week drew to a close. **Stay bearish on SGD against USD** as risk appetite in the markets appears to remain soft. USDSGD continues to shy away from lows, a sign that the recent decline may have bottomed. We set sights on a rebound going forward, with scope to rise to as high as 1.3681 in the coming weeks.

Overnight Economic Data

US	➔
EU	➔
Australia	➡
New Zealand	➡
Singapore	➔
Vietnam	➡

What's Coming Up Next

Major Data

- US Chicago PMI, pending home sales, Dallas Fed manufacturing
- EU unemployment rate, CPI estimate
- Japan industrial production, housing starts
- China manufacturing and services PMIs

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1700	1.1712	1.1740	1.1764	1.1804	➡
USDJPY	110.14	110.43	110.53	110.74	111.06	➡
GBPUSD	1.3085	1.3117	1.3138	1.3172	1.3200	➡
AUDUSD	0.7915	0.7957	0.7968	0.7980	0.8000	➡
EURGBP	0.8911	0.8927	0.8937	0.8944	0.8955	➡
USDMYR	4.2773	4.2787	4.2800	4.2814	4.2824	➡
EURMYR	5.0156	5.0246	5.0255	5.0286	5.0320	➡
JPYMYR	3.8660	3.8710	3.8752	3.8768	3.8832	➡
GBPMYR	5.6146	5.6200	5.6228	5.6261	5.6280	➡
SGDMYR	3.1444	3.1500	3.1529	3.1535	3.1550	➡
AUDMYR	3.4020	3.4058	3.4088	3.4100	3.4122	➡
NZDMYR	3.2121	3.2150	3.2177	3.2201	3.2227	➡
USDSGD	1.3543	1.3761	1.3579	1.3609	1.3626	➡
EURSGD	1.5893	1.5918	1.5940	1.5960	1.5981	➡
GBPSGD	1.7767	1.7811	1.7837	1.7861	1.7876	➡
AUDSGD	1.0757	1.0800	1.0819	1.0840	1.0873	➡

*at time of writing

➡ = above 0.1% gain; ➡ = above 0.1% loss; ➡ = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1767.1	-0.2	7.6	CRB Index	182.1	0.54	-5.4
Dow Jones Ind.	21830.3	0.2	10.5	WTI oil (\$/bbl)	49.7	1.40	-7.5
S&P 500	2472.1	-0.1	10.4	Brent oil (\$/bbl)	52.5	2.00	-7.1
FTSE 100	7368.4	-1.0	3.2	Gold (S/oz)	1269.6	0.80	9.9
Shanghai	3253.2	0.1	4.8	CPO (RM/tonne)	2666.0	1.79	-16.7
Hang Seng	26979.4	-0.6	22.6	Copper (\$/tonne)	6325.0	-0.08	14.3
STI	3330.8	-0.7	15.6	Rubber (sen/kg)	502.0	-2.14	-22.2

Source: Bloomberg

➤ Macroeconomics

Economic Data

	For	Actual	Last	Survey
US GDP annualized QOQ	2Q A	2.6%	1.2%	2.7%
US personal consumption	2Q A	2.8%	1.1%	2.8%
US Uni. Of Michigan sentiment	Jul F	93.4	93.1	93.1
EU economic confidence	Jul	111.2	111.1	110.8
EU business climate indicator	Jul	1.05	1.16	1.14
EU consumer confidence	Jul F	-1.7	-1.7	-1.7
SG unemployment rate SA	2Q	2.2%	2.2%	2.3%
AU PPI YOY	2Q	1.7%	1.3%	--
NZ building permits MOM	Jun	-1.0%	6.9%	--
VN CPI YOY	Jul	2.52%	2.54%	2.45%
VN retail sales YTD YOY	Jul	10.0%	10.1%	--
VN exports YTD YOY	Jul	18.7%	18.9%	19.7%
VN industrial production YOY	Jul	8.1%	8.6%	--

- Data from the US were mostly on the upside last Friday with firmer showing in 2Q advance GDP and personal consumption. The 2Q annualized GDP grew 2.6% QOQ, though markets were expecting a tad stronger figure of 2.7%. The catch is that 1Q GDP, initially reported at 1.4%, was revised downward to 1.2%. There were other revisions to US GDP from 2014 to 2016 on YOY basis that caught markets' attention as they indicate a softer growth momentum that could translate into lower likelihood of near-term Fed policy tightening.
- The other positive US report was that personal consumption expectedly grew 2.8% in 2Q in an early estimate, rising from 1.1% in 1Q. Meanwhile, University of Michigan's gauge confirmed that consumer sentiment dimmed in Jul, sliding to 93.4 from 95.1 previously.
- Sentiment was mixed in the Eurozone in Jul; survey of economic confidence showed that respondents were a tad upbeat, edging the index higher to 111.2 in Jul from 111.1 in Jun. The business climate indicator index however, fell to 1.05 in Jul from 1.16 previously, and a softer decline was expected. Consumer confidence index remained in negative territory; the final Jul reading was unchanged at -1.7, and worsened from -1.3 in Jun as respondents were less optimistic about savings and future employment.
- Singapore's headline unemployment rate was held unchanged at 2.2% in 2Q; it has stayed at this level since 4Q2016, and remains the highest since 4Q2010. Construction industry recorded the most decline in employment in 2Q, losing 9.5k jobs though lesser compared to in 1Q when losses were 12.5k. Manufacturing also shed lesser jobs, which fell 2.5k in 2Q down from a decline of 4.3k in 1Q. Services industry added 4.1k jobs, but gains have moderated for 2 quarters, last recording an addition of 9.9k jobs.
- Producer prices in Australia grew 1.7% YOY in 2Q, accelerating from 1.3% in 1Q. Prices were driven by quicker increases in domestic finished goods (2.2% in 2Q vs 1.9% in 1Q), while declining prices of imported finished goods exerted lesser pressure (-1.7% in 1Q vs -3.5% in 2Q). Housing market slowdown in New Zealand looks to continue as building permits fell 1.0% MOM in Jun after rising 7.0% previously.
- Vietnam released several reports over the weekend that indicated a moderated economy in Jul. Trade deficit widened to \$300m from \$292m in Jun as shortfall was pushed apart by slower exports (Jul: +17.4% YOY vs Jun: 20.8%) and quicker imports (Jul: +24.1% vs Jun: 22.7%). Industrial production growth also eased in tandem with slower demand, rising 8.1% in Jul after growing 8.6% previously. Production was weighed down by slower manufacturing output and contraction in mining and quarrying.
- Vietnamese spending eased as retail sales growth through Jan – Jul managed 10%, dipping from 10.1% previously though the figure remains one of the strongest this year. Meanwhile, consumer prices gained the slowest in 12 months, rising just 2.52% in Jul compared to 2.54% in Jun. Headline CPI was weighed down by further contraction in prices of food, as well as slowdown in costs of housing / construction materials and transportation.

Economic Calendar Release Date

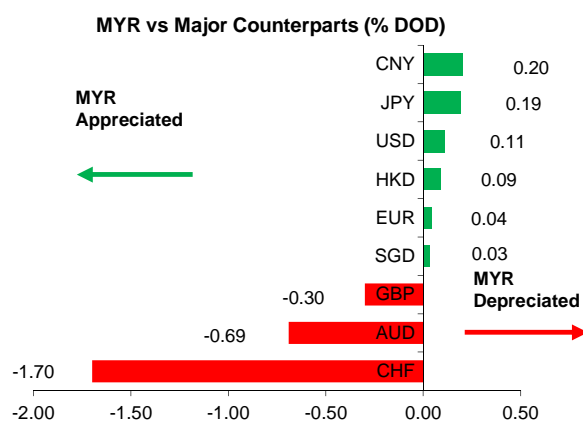
Country	Date	Event	Reporting Period	Survey	Prior	Revised
Malaysia	8/01	Nikkei PMI	Jul	--	46.9	--
US	7/31	Chicago PMI	Jul	59.0	65.7	--
		Pending home sales MOM	Jun	1.0%	-0.8%	--
		Dallas Fed manufacturing	Jul	14.0	15.0	--
	8/01	Personal income	Jun	0.4%	0.4%	--
		Personal spending	Jun	0.1%	0.1%	--
		PCE core MOM	Jun	0.1%	0.1%	--
		Markit PMI manufacturing	Jul F	--	53.2	--
		ISM manufacturing	Jul	56.2	57.8	--
EU	7/31	Unemployment rate	Jun	9.2%	9.3%	--
		CPI estimate YOY	Jul	1.2%	1.3%	--
	8/01	Markit PMI manufacturing	Jul F	56.8	56.8	--
		GDP YOY	2Q A	2.1%	1.9%	--
UK	7/31	Net consumer credit	Jun	--	1.7b	--
		Mortgage approvals	Jun	--	65.2k	--
	8/01	PMI manufacturing	Jul	54.7	54.3	--
		Nationwide house prices YOY	Jul	2.6%	3.1%	--
Japan	7/31	Industrial production MOM	Jun P	1.5%	-3.6%	--
		Housing starts YOY	Jun	0.1%	-0.3%	--
	8/01	Nikkei PMI manufacturing	Jul F	--	52.2	--
China	7/31	Manufacturing PMI	Jul	51.5	51.7	--
		Non-manufacturing PMI	Jul	--	54.9	--
		Caixin PMI manufacturing	Jul	50.4	50.4	--
		Caixin PMI services	Jul	--	51.6	--
Australia	8/01	AiG manufacturing index	Jul	--	55.0	--
		RBA cash target rate	Aug 1	1.50%	1.50%	1.50%
New Zealand	7/31	ANZ activity outlook	Jul	--	42.8	--
		ANZ biz confidence	Jul	--	24.8	--
Vietnam	8/01	Nikkei PMI	Jul	--	52.5	--

Source: Bloomberg

FX Table

Name	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1751	0.63	1.1764	1.1671	11.7
USDJPY	110.68	-0.52	111.33	110.55	-5.5
GBPUSD	1.3136	0.54	1.3152	1.3062	6.5
AUDUSD	0.7987	0.25	0.8007	0.7937	10.8
EURGBP	0.8947	0.10	0.8969	0.8929	4.8
USDMYR	4.2813	0.11	4.2817	4.2773	-4.6
EURMYR	5.0148	0.04	5.0156	4.9954	6.2
JPYMYR	3.8499	0.19	3.8593	3.8460	0.5
GBPMYR	5.6031	-0.30	5.6082	5.5920	1.6
SGDMYR	3.1497	0.03	3.1518	3.1434	1.6
AUDMYR	3.4038	-0.69	3.4193	3.4029	5.0
NZDMYR	3.1987	-0.63	3.2121	3.1958	2.6

Source: Bloomberg



Forex

MYR

- **MYR eased 0.11% to 4.2813 against USD** and was mixed against the G10s as bids softened ahead of the week's close as well as ahead of US data.
- **Expect a bullish MYR on the back of a softer USD** but gains are likely capped by prevailing risk-off sentiment in the markets. USDMYR resisted a close above 4.2814, which will likely put it on the defensive time being. The pair is inclined to losses while below 4.2814.

USD

- **USD fell against 9 G10s** while the Dollar Index tumbled at the start of US session to close 0.64% lower at 93.25 on dampened market expectations of a near-term rate hike amid downward revisions to 2016 US GDP.
- **USD remains bullish in our view** as we anticipate extended rebound from recent losses, with bullish potential from US data. Bearish outlook still prevails but we reckon that losses, if any, will become more moderate gradually. Thinning downside momentum hints at a turnaround for the Dollar Index going forward, with scope to test 94.26.

EUR

- **EUR jumped 0.63% to 1.1751 against a weak USD** and advanced against 6 G10s despite a set of mixed Eurozone data.
- **EUR is bearish to the extent of a bullish USD.** Continued failure to test recent highs despite overnight rally hints at bullish exhaustion. We reckon that EURUSD will gradually lose upside strength, and set sights on a decline to below 1.1586 in the coming weeks.

GBP

- **GBP climbed 0.54% to 1.3136 against a weak USD** and rose against 5 G10s.
- **We turn bullish on GBP against USD** on technical reasons. Bullish bias appears to have strengthened after recent rebounds and GBPUSD now looks poised to test 1.3173 next. This level and 1.3200 will pose strong challenges to GBPUSD. The resulting rejection could push GBPUSD to 1.3000.

JPY

- **JPY dipped against 5 G10s** as risk appetite improved in the FX space but **advanced 0.52% to 110.68 against a weak USD.**
- **Stay bullish on JPY against USD,** supported by refuge demand within the FX space ahead US data. Losses will continue to prevail in USDJPY after breaking firmly below 111.06. Closing below 110.43 exposes a longer-term decline to 109.39.

AUD

- **AUD rose 0.25% to 0.7987 against USD** but retreated against 8 G10s, weighed down by risk-off going into the weekend.
- **AUD remains bearish against USD,** weighed down by risk-off sentiment in the markets and risk aversion ahead of RBA policy decision. Despite recent gains, AUDUSD still fails to challenge crucial resistance above which will enhance further upsides. As such, we maintain a bearish view and set sights on a drop to 0.7914, below which a path to 0.7802 will firm up.

SGD

- **SGD rose 0.19% to 1.3568 against USD** but fell against 9 G10s, weighed down by softer risk appetite as the week drew to a close.
- **Stay bearish on SGD against USD** as risk appetite in the markets appears to remain soft. USDSGD continues to shy away from lows, a sign that the recent decline may have bottomed. We set sights on a rebound going forward, with scope to rise to as high as 1.3681 in the coming weeks.

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